

## DEPARTMENT OF THE TREASURY

Internal Revenue Service  
Washington, DC 20024

### CHARTER

#### THE ART ADVISORY PANEL OF THE COMMISSIONER OF INTERNAL REVENUE

This charter is prepared in accordance with the provisions of the Federal Advisory Committee Act, 5 U.S.C. App.

- A. Committee's Official Title. Art Advisory Panel of the Commissioner of Internal Revenue (ART).
- B. Authority. The establishment and operation of ART is based on the authority to administer the laws of the Internal Revenue as conferred upon the Secretary of the Treasury by section 7801 of the Internal Revenue Code and delegated to the Commissioner of Internal Revenue. The ART is subject to the provisions of the Federal Advisory Committee Act, as amended, 5 U.S.C., App.
- C. Objective and Scope of Activities. The purpose of ART is to assist the Internal Revenue Service by reviewing and evaluating the acceptability of property appraisals submitted by taxpayers in support of the fair market value claimed on works of art involved in Federal Income, Estate or Gift taxes in accordance with sections 170, 2031 and 2512 of the Internal Revenue Code of 1968.
- D. Description of Duties. The duties, all of which are solely advisory, for which the Committee is responsible are as follows:
  - a. Prior to a meeting of ART, each Panelist independently examines photographic copies or electronic images of the works of art and reviews the text of appraisal reports secured and submitted by the taxpayer in support of the claimed valuation. The Panelists are not told the identity of the taxpayer or of the taxpayer's appraiser, or the tax consequences of adjusting the valuation up or down.
  - b. At the Panel meeting members are invited to express their opinions as to the acceptability of the claimed valuations. Those Panelists who disagree with a taxpayer's valuation may state their own estimate of value and the reasons therefore.

In formulating their independent valuations, Panelists consider such matters as the authenticity of the claimed artistic attribution, the selling prices of comparable works of art, and other expert opinions. Panelists may also consider the condition, historic importance or aesthetic qualities of the subject art work. In some instances, the Panelists provide the names of other appropriately qualified experts who are needed in the event of litigation. Occasionally, a Panelist might serve as such a witness. Discussion on each appraised item continues until a consensus of value is reached. The consensus of value is announced as the official advisory conclusion by the Chairperson of the Panel who moderates the discussion. This full time IRS employee, who specializes in the appraisal of personal property, then so informs the Service official who referred the case.

- E. Official to Whom the Committee Reports. The ART shall provide a written report to the IRS Commissioner; such reports will include the annual summary findings of ART closed meeting activity.
- F. Support Services. The IRS provides all necessary support services for the ART.
- G. Estimated Annual Operating Costs and Staff Years. The estimated annual costs to operate the ART are \$106,000 (includes 1 FTE). While ART members are not compensated for their services, they are reimbursed for travel-related expenses to attend approximately two to four meetings per year in accordance with 5 U.S.C. section 5703.
- H. Designated Federal Officer (DFO). The DFO (or designee) is a full-time or permanent part-time federal employee who will be appointed by the Deputy Chief, Appeals and shall ensure compliance with the requirements of FACA and its implementing regulations. The DFO will approve or call all of the advisory committee and subcommittees meetings, prepare and approve all meeting agendas, attend all committee and subcommittee meetings, adjourn any meeting when determined to be in the public interest, and chair ART committee meetings.
- I. Estimated Number and Frequency of Meetings. The ART conducts approximately two to four meetings annually. These meetings may be closed under Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.) due to the discussion of privacy information.
- J. Duration. ART is a continuing advisory committee.
- K. Termination. The authority to utilize the ART expires two years from the date this charter is filed.
- L. Membership and Designation. Due to the need for vastly different expertise for each review being conducted by the ART, membership will change for each meeting. Therefore, the membership of the ART is not fixed, but, for each meeting will consist of an appropriately balanced panel of experts who will serve

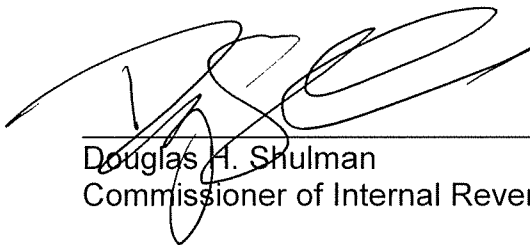
as Special Government Employees (SGEs). They are chosen for their expertise in specific art areas based upon their experience or scholarship. They are also chosen for their reputation and recognition in the art world, and are usually prominent art dealers or directors and curators from the top museums in the country with experience in the value of high end art.

M. Subcommittees. The DFO has the authority to create subcommittees that must report back to ART. The subcommittees may not provide advice or work products directly to the IRS.

N. Recordkeeping. The records of the ART and its subcommittees will be handled in accordance with the General Records Schedule 26, Item 2 or other approved IRS records disposition schedule. The records will be available for public inspection and copying, subject to the Freedom of Information Act, 5 U.S.C. 552.

O. Filing Date. The filing date of this charter is FEB 8 2010.

Approved:

  
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Douglas H. Shulman  
Commissioner of Internal Revenue

Date: 2/2/2010

Approved:

  
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Dab Tangherlini  
Assistant Secretary for Management  
and Chief Financial Officer

Date: 2/4/2010